

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: March 23, 2006
RE: Utility Articles for Next Conference

The following Final Articles A, D, I and M are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after March 29, 2006.

“A” Final

The following new miscellaneous items will be eligible for final consideration at the next Commission Conference and based upon a review of them by staff members of the Commission, I recommend approval.

1. Boonville Municipal Water Utility

The Utility is requesting the Commission’s approval to charge the cost of furnishing Public Fire Protection Service directly to the ratepayers in accordance to IC 8-1-2-103(d). Currently, the Utility is billing the municipality \$614.06 per hydrant, annually. IC 8-1-2-103(d) states in part that:

“If the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality. The change in the recovery of current revenue authorized by the ordinance shall be reflected in a new schedule of rates to be filed with commission at least thirty (30) days before the time the new schedule of rates is to take effect. The new schedule of rates shall:

- (1) eliminate fire protection charges billed directly to governmental units, other than charges for the construction cost for new hydrants installed on and after the date specified in the ordinance; and
- (2) increase the rates charged each customer of the utility, based on equivalent meter size, by an amount equal to:
 - A. the revenues lost from the elimination of such fire protection charges; divided by
 - B. the current number of equivalent five-eighths (5/8) inch meters.

This change in the recovery of public fire protection costs shall not be considered to be a general increase in basic rates and charges of the utility and is not subject to the notice and hearing requirements applicable to general rate proceedings. The commission shall approve the new schedule of rates that are to effective on a date specified in the ordinance.”

The City of Boonville adopted Ordinance No. 2006-2 to authorize this change under IC 8-1.5-4-14 to comply with the above statutory requirement. The equivalent meter ratios, which the Utility used to calculate the proposed rates, were based on the cross sectional area of the various connections size:

<u>Meter Size</u>	<u>Proposed monthly fee</u>
5/8"	\$2.79
3/4"	4.19
1"	7.04
1 1/2"	13.97
2"	22.35
3"	41.91
4"	69.85

The amount of annual fire protection revenue to be transferred from hydrant rentals to surcharges is \$99,478.

The tariff pages affected by this filing are pages 1 and 2 of 3.

2. Northern Indiana Public Service Company (Electric)

The utility is requesting an indefinite extension of the current waiver of one of the billing provisions contained in its Industrial Rates 832 and 833. On December 21, 2005, the Commission granted the utility's request for a waiver through May 31, 2006. The billing provisions, if in effect, would impose additional demand charges onto customers based on the amount of customer load at the time of NIPSCO's system peak. Upon further review and receiving customer concerns, the utility does not believe the original intent—an incentive for customers to reduce load at the time of system peak—would be met if the billing provisions were in effect. The utility states that the customers currently on Rates 832 and 833 are high load factor customers and thus not likely to change operational behavior due to the billing provisions. In addition, if the billing provisions were in effect, the utility believes that only two customers would remain on Rates 832 and 833. The NIPSCO Industrial (customer) Group has sent a letter in support of the indefinite suspension of the billing provisions.

Specifically, NIPSCO is proposing to waive indefinitely the "Customer's Demand at the time of a Company System Maximum" provision. Under this provision, as included in Rate Schedule 832 for customers not billed under the Optional Demand Charge, the customer receives "Demand Diversity Kilowatts" for each kilowatt it reduces its load at the time of a "Company System Maximum," as related to the average "on-peak" demand during the previous twelve (12) months. These Demand Diversity Kilowatts are then credited to the customer at \$4.86/KW/month. This credit would be applicable until a new system maximum occurs, but not longer than 36 months. At the end of a 36-month period, the credit will be reduced by 50% until such time a new system maximum has occurred.

Under the provisions of Rate Schedule 833, an additional Demand Charge of \$6.68/KW/month is billed for the total number of kilowatts of the Customer's Demand at the time of a Company System Maximum. This additional charge is applicable for a 36-month period or until a new Company System Maximum occurs. After a 36-month period, the additional charge is reduced by 50%.

NIPSCO states it is unable to conclusively quantify the revenue impact of this request.

NIPSCO has several times been granted suspension of this provision by this Commission. In addition, no rates or charges will be directly affected by these changes.

The tariff sheets affected by this filing are:

Seventh Revised Sheet No. 11H	Rate 832 Rate for Electric Service Industrial Power Service
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Ninth Revised Sheet No. 12G	Rate 833 Rate for Electric Service Industrial Power Service
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3. PSI Energy, Inc.

The utility seeks Commission approval to change the title page of its tariff to show the assumed business names that will be used in the future due to the impending merger of Cinergy Corp. and Duke Energy Corporation. The assumed business names are: Duke Energy and Duke Energy Indiana, Inc.

This requested tariff change is contingent upon the consummation of the merger, which is planned for April 1, 2006, assuming all regulatory and shareholder approvals are received by that date.

Use of the new names will not have any effect upon the ongoing operations or the current customers of PSI. PSI customers will be notified of the use of the new names through bill messages, bill inserts, and messages on the bill envelopes.

A copy of a bill insert that will be sent to customers in March was submitted. Additionally, the following message will go out to customers in March:

Upon approval of the Duke Energy / Cinergy merger,
www.cinergy.com will become www.duke-energy.com .

The following messages will appear on customers' bill envelopes in April:

We're changing our name. Cinergy/PSI is becoming Duke
Energy. Learn more at www.duke-energy.com
Your next energy bill will have a new name. Cinergy/PSI is
becoming Duke Energy. Learn more at www.duke-energy.com

There will also be an additional bill insert in April informing customers of the use of the new names.

PSI filed a Certificate of Assumed Business Name application with the Indiana Secretary of State on March 3, 2006. PSI has received a Certificate of Assumed Business Name certified and issued by the Indiana Secretary of State. PSI has also filed a copy of the certificate of assumed business name with the county recorder offices of each county in which PSI conducts business.

Supporting documentation has been supplied.

The tariff sheet affected by this filing is: Title Page.

“D” Final

A revision to the purchased power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 34614 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Purchased Power Cost Tracker (\$/kWh)</u>	<u>Change (\$/kWh)</u>	<u>Filing No.</u>
1.	Marshall Cnty	0.021944	0.001344	060329D
2.	Northeastern (other than EDR)	0.021468	0.001484	060329D1
3.	Northeastern (EDR)	0.015289	0.001310	060329D2
4.	Harrison REMC	0.009600	0.006041	060329D3
5.	Troy Municipal	0.013784	0.007347	060329D4

The change in Marshall and Northeastern's rates is due to a change in Wabash Valley Power Association's rates.

The change in Harrison REMC and Troy Municipal's rates is due to a change in Hoosier Energy's Power Cost Tracker.

“I” Final

A revision to the tracking costs from the Indiana Municipal Power Agency members has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 36835-S1 approved January 11, 1983, and/or Order No. 36835-S2 approved May 2, 1984, and 36835-S3 approved December 13, 1989, have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Rate Schedule</u>	<u>\$/kWh Change</u>	<u>\$/kWh Resultant</u>	<u>Filing No.</u>
1.	Anderson	RS	0.002467	0.014960	94
		GS 1 phase	0.001394	0.015299	
		3 phase	0.003852	0.017072	
		SP	(1.02)	2.59	/kW
			(0.000521)	0.005260	
		LP	(0.27)	2.66	/kVA
			0.000201	0.005190	
		CL	0.000888	0.012547	
		SL	(0.000082)	0.011920	
		OL	(0.004471)	0.009504	
2.	Columbia City	R	0.005859	0.015432	49
		RH	0.000223	0.014320	
		GS	0.003210	0.013595	
		GS-H	(0.001446)	0.011788	
		M	0.001886	0.020306	
		GS-L	0.000470	0.013322	
		GS-I	(0.001541)	0.011949	
3.	Crawfordsville	R	0.003811	0.015723	94
		GP	0.002198	0.014301	
		PP	(0.683730)	5.606916	
			0.000095	0.000444	
		OL	(0.000463)	0.004938	
		SL	(0.000439)	0.005133	
		TS	(0.000357)	0.011983	
4.	Frankfort	A	0.003852	0.014957	94
		B	0.002463	0.015261	
		C	0.001386	0.013588	
		PPL	(0.217254)	2.956025	/kVA
			(0.000028)	0.004940	
		FLAT RATES	(0.002237)	0.005935	

5. Lebanon	RS	0.002001	0.008064	94
	CS (Single)	0.001370	0.008878	
	CS (Three)	0.001994	0.009637	
	MS	0.001200	0.010700	
	PPL	(0.243912)	1.759044	
		(0.000007)	0.001944	
	SGP	0.001041	0.009305	
6. Peru	OL & SL	(0.000836)	0.004512	94
	RS	0.006510	0.016334	
	GSA-1	0.005847	0.017153	
	PS	0.005141	0.016168	
	MSL-1	0.001595	0.005638	
	TL	(0.000379)	0.012864	
7. Richmond	R	0.003809	0.021836	94
	CL	0.007824	0.042509	
	GP, GEH,			
	EHS	0.003056	0.016730	
	LPS & IS	0.226912	6.453243	
		0.267152	7.597681	
		0.000050	0.004136	
8. Tipton	OL, M, N	(0.000183)	0.004010	94
	A	0.001201	0.009705	
	B	0.000761	0.010353	
	C	(0.003440)	0.006406	
	D	(0.000429)	0.007925	
9. Washington	RS	0.002527	0.014505	94
	CS	0.001029	0.015580	
	GS	(1.092703)	2.648090	
		(0.000294)	0.004750	
	LP	(0.812417)	3.085805	
		(0.000360)	0.004985	
	MS	(0.000794)	0.012828	
10. Bargersville	MWS	0.001524	0.008608	94
	All	0.002684	0.019054	

“M” Final

A revision to the power cost tracker for electric utilities has been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 40095 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Rate Schedule</u>	<u>Change \$/kWh</u>	<u>Resultant \$/kWh</u>	<u>Filing #</u>
1.	Auburn Municipal	All	0.000140	0.001140	43

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Acting Executive Secretary